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The Director of Central Intelligence

Washington, D.C. 20505

National Intelligence Council

NIC #04471-85
5 September 1985

MEMORANDUM FOR: Director of Central Intelligence

FROM: Frederick L. Wetters *FLW*
National Intelligence Officer for Africa

SUBJECT: Talking Points for the 5 September NSC Meeting
on South Africa

1. The NSC will convene at 1500 hours on 5 September to discuss US-South African policy and you are scheduled to give a 5-minute intelligence update. Attached are talking points for your use which have been coordinated with DDI/ALA and NIO/Economics.

2. My understanding from the NSC Staff is that the primary area of discussion will be over how to handle the forthcoming sanctions bill from Congress and to discuss a public diplomacy strategy to explain the Administration's South Africa policy. The policy may be briefly outlined by Mr. McFarlane or Secretary Shultz. I understand that Mr. McFarlane extracted the South Africa-only parts of the draft NSDD which was the subject of active discussion and has cast that into a South Africa-only NSDD--we do not have a copy of this. The NSC Staff assures me that the broader policy questions on Southern Africa--Namibia, Angola, and Mozambique--will not be on the agenda or in the NSDD.

3. I understand that Secretary Shultz, based on a conversation he had with Federal Reserve Chairman Volker, takes a more pessimistic view of the short-term prospects of the South African economy than we do. We have not yet been able to ascertain Volker's views or information leading to that pessimism. Absent this, we remain comfortable with our assessment.

4. You may wish to note that our new South African SNIE is going to press tonight and copies will be available in a day or two. The Key Judgments (copy attached) were disseminated last week.

Frederick L. Wetters
Frederick L. Wetters

Atts: A. Talking Points
B. Key Judgments,

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NIO/AF

TALKING POINTS FOR NSC MEETING, 5 SEPTEMBER 1985

- o South African Government attitudes: President P. W. Botha's 15 August speech is illustrative of his government's intentions. Botha played to conservative Afrikaner attitudes, showing his predominant concern for maintaining the support of his core Afrikaner constituency. Polls and intelligence show most Afrikaners strongly favor restoration of law and order and cautious reform, in that order, despite pressures from some white church and business leaders. The subsequent major crackdown on demonstrations, disturbances, and detentions of nonwhite oppositionists, while opposed by many liberal Afrikaners, including Foreign Minister Botha, reflects the priority the Botha government gives to restoration of order before proceeding with new reforms. The increased outspokenness of the white business community--mostly Anglophone rather than Afrikaner--in favor of more fundamental reforms is having little perceptible effect on Botha.
- o Black attitudes: A recent poll indicates that township black residents (nonrural) are increasingly pessimistic about peaceful reform and anticipating continuing violent black-white confrontations. The 14 million rural blacks remain unpoliticized and passive. The current security crackdown has had the effect of driving moderate, nonrevolutionary black opinion leaders away from any dialogue with the government. The recent abandonment by the mineworkers' union of a partial strike does illustrate that moderate black trade unionists do not favor a suicidal, confrontation-at-all-costs strategy. The arrest of UDF and student leaders has largely destroyed any national mechanism for orchestration of protests and violence; the township violence continues to be largely led by unorganized youths. The mostly external African National Congress has increased inflammatory calls for violence against whites, but lacks an effective internal organization capable of anything beyond isolated incidents.
- o Internal violence: Despite a heavy increase in security measures, episodic violence--mostly on a small scale--continues to flicker throughout black townships. This violence shows little orchestration and seems largely reactive to local events. Two incidents yesterday involving minor nonwhite violence in white areas in Cape Province may trigger a massive government security reaction, both to intimidate would-be perpetrators and to preempt possible white vigilante reaction. The incidents immediately followed an ANC external radio call for blacks to bring the violence into white residential areas.

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- o Economic crisis: A short-term solution to South Africa's economic crisis has not yet emerged, and depends largely on the willingness of Swiss, German, and UK banks to roll over short-term loans and extend new credits. The fluctuations in the rand are having a negative psychological effect both on white South Africans and external investors. The SAG is also running short of foreign currency. We anticipate that the SAG will succeed in rolling over its short-term debt (\$6 billion due in the next six months) and borrowing foreign currency against its gold reserve. New loans are more dependent on external perceptions of stability. We do anticipate a stabilization of the rand, debt rescheduling and new borrowings but at a significantly increased cost. In order to accomplish short-term stabilization, the South African Government is jeopardizing both an economic recovery in 1986 and longer-term growth.
- o Outlook: We do not anticipate any significant government action on reform until after the 30 October by-elections. Following those, reforms will address already introduced subjects--citizenship, modification of influx control, and cautious moves toward a new federal constitutional arrangement. Such reforms will be introduced slowly and already have been discounted by black opinion leaders as insufficient. We do not see black opinion leaders other than tribal homeland leaders engaging in any dialogue with the SAG in the next several months. We do anticipate continuing township violence despite heightened security measures, but not orchestrated in any effective way. Occasional attacks on white residential areas may occur which could provoke a severe government reaction and some white vigilanteism. The possibility of significant (and visible) black casualties in the government suppression of disturbances remains high. Neither the continuing black violence nor the economic crisis, in our judgment, will stampede the Botha government into more significant reforms in the next year.

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